GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1059
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Complaints against Bank Officials
Chinnaraj Shri Gopalakrishnan

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has received complaints against bank officials for alleged irregularities, violation of prevention of money laundering, malpractices deficiencies in services and harassment of their customers for sanctioning of various loans;
(b) if so, the details thereof including the number of such complaints registered/action taken against the officials during each of the last three years, bank and State/UT-wise;
(c) the mechanism put in place by the Government/ Reserve Bank of India (RBI) to monitor the functioning of Bank and to check irregularities/malpractices therein; and
(d) the remedial steps taken/being taken by the Government to redress these complaints in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(a to d):The Central Government and Reserve Bank of India(RBI) have put in place adequate systems forredressal of public grievances relating to banks. One of the key priorities of the Government is the protection of interest of customers and provisions of improved quality of customer services in Banks. Instructions / guidelines have been issued to PSBs from time to time to ensure prompt and effective redressal of public grievances and strengthening of grievance redressal machinery.

To bring customer centricity in the provision of banking services, the RBI has also issued guidelines for customer protection, improved customer care and expeditious disposal of grievances.

The Public Sector Banks (PSBs) have their own internal three tier public grievance system for speedy redressal of grievances so that escalation of complaints to ombudsman / regulatory level is kept to the barest minimum.

In case the complainants are not fully satisfied with the redressal / disposal of complaints, they may approach the concerned Banking Ombudsman for settlement of their grievances through mediation and passing of awards in a time frame. The contact and other relevant details / information regarding grievance redressal are available in the website links of PSBs and RBI.

The grievances received in the Department of Financial Services (DFS) are processed and forwarded through CPGRAMS (Centralized Public Grievance Redress and Monitoring System) to concerned Banks for resolution / disposal, monitored and periodically reviewed. The Portal is accessible at www.pgportal.gov.in.

Details of the total no. of complaints received in DFS through CPGAMS during the last three years and the current year which includes details of complaints against bank officials for deficiencies in services and harassment of customers for sanctioning of various loans is at Annex-I.

RBI has informed that a complaint on any one of the following grounds alleging deficiency in banking service in respect of loans and advances may be filed with the Banking Ombudsman having jurisdiction:
a) non-observance of Reserve Bank Directives on interest rates;
b) delays in sanction, disbursement or non-observance of prescribed time schedule for disposal of loan applications;
c) non-acceptance of application for loans without furnishing valid reasons to the applicant; and
d) non-adherence to the provisions of the fair practices code for lenders as adopted by the bank or Code of Bank's Commitment to Customers, as the case may be;
e) non-observance of Reserve Bank guidelines on engagement of recovery agents by banks; and
f) non-observance of any other direction or instruction of the Reserve Bank as may be specified by the Reserve Bank for this purpose from time to time.
Details of the complaints handled by 15 offices of Banking Ombudsman on these grounds during the last three years and the current year is at Annex-II. The complaints were resolved as per the provisions of the Banking Ombudsman Scheme.
The following steps have been taken by RBI to improve the efficiency of the banks:

I. RBI supervises banks through Annual Financial Inspection (AFI) or undertakes risk based supervision under its supervisory framework. The bank's compliance with various guidelines of RBI are examined on a sample basis.
II. RBI also has a process of penalising banks on violations observed in this regard, as and when required.
III. Each bank is expected to constantly review the efficacy of its internal control system.